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6 **IN THE UNITED STATES DISTRICT COURT**
7 **FOR THE DISTRICT OF ARIZONA**
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9 ICON Health & Fitness Incorporated,
10 Plaintiff,
11 v.
12 PRO-FORM.COM, an internet domain
13 name,
14 Defendant.

No. CV-15-01981-PHX-BSB

**REPORT AND
RECOMMENDATION**

15 Plaintiff ICON Health & Fitness, Inc. (Plaintiff or ICON) has filed an Amended
16 Application for Entry of Default Judgment, pursuant to Rule 55(b)(2) of the Federal
17 Rules of Civil Procedure. (Doc. 33.) Plaintiff asks the Court to enter judgment in its
18 favor and transfer the domain name *pro-form.com* to ICON. (*Id.*) As set forth below, the
19 Court recommends the entry of default judgment in Plaintiff's favor and an order
20 transferring the domain name *pro-form.com* to ICON.¹

21 **I. Procedural Background**

22 On October 15, 2015, Plaintiff filed a Complaint against Oleksandr Korhun
23 (Korhun) alleging that Korhun had violated the Anticybersquatting Consumer Protection
24 Act (ACPA), 15 U.S.C. § 1125(d). (Doc. 1.) Specifically, Plaintiff alleged that it owns
25 federally-registered PRO-FORM trademarks (PRO FORM, ProForm, and PRO-FORM)
26

27 ¹ Plaintiff has consented to magistrate judge jurisdiction pursuant to 28 U.S.C.
28 § 636(c). However, because Defendant has not appeared or consented to magistrate
judge jurisdiction, the Court proceeds by a Report and Recommendation. *See* General
Order 11-03.

1 and that Korhun violated the ACPA by his unauthorized use of the PRO-FORM
2 trademarks in his registration and use of the domain name *pro-form.com*.² (*Id.*) Plaintiff
3 further alleged that Korhun was a resident of the Ukraine, and that it attempted to serve
4 him with the Complaint and Summons under Rule 4(f) of the Federal Rules of Civil
5 Procedure, which allows serving an individual in a foreign country “by any
6 internationally agreed means of service that is reasonably calculated to give notice, such
7 as those authorized by the Hague Convention.” Fed. R. Civ. P. 4(f)(1); (Doc. 1.) For
8 several months, Plaintiff attempted unsuccessfully to serve Korhun pursuant to the Hague
9 Service Convention. (Docs. 13, 15.)

10 On September 9, 2016, Plaintiff moved to file an amended complaint. (Doc. 17.)
11 Plaintiff asserted that it was unable to serve Korhun in the Ukraine and therefore could
12 not obtain *in personam* jurisdiction over him. (*Id.*) Plaintiff sought leave to file an
13 amended complaint to bring an *in rem* action against the domain name *pro-form.com*,
14 pursuant to 15 U.S.C. § 1125(d)(2)(A). (*Id.*) The Court granted the motion and Plaintiff
15 filed its Verified First Amended Complaint on September 22, 2016. (Docs. 18, 19.)

16 On December 7, 2017, GoDaddy, LLC (GoDaddy), the domain name registrar,
17 filed a Registrar’s Certificate notifying the Court that it had received the complaint and
18 had placed the Defendant domain name *pro-form.com* on registrar lock, which would
19 prevent it from being transferred, modified or otherwise manipulated. (Doc. 23.) The
20 Registrar’s Certificate also stated that GoDaddy was placing the Defendant domain name
21 “under the dominion and control of the court until such time as GoDaddy receives further
22 instructions with regard to the [d]omain [n]ame.” (*Id.*)

23
24 ² Congress amended the Trademark Act of 1946 (the Lanham Act) in 1999 to add
25 section 43(d), which is codified as the ACPA at 15 U.S.C. § 1125(d), and is intended to
26 protect consumers and to prevent misappropriation of trademarks by stopping
27 “cybersquatting.” *City of Carlsbad v. Shah*, 850 F. Supp. 2d 1087, 1103 (S.D. Cal. 2012)
28 (citations omitted). Cybersquatting is defined as the bad faith use of a domain name to
profit from the goodwill of a protected mark belonging to someone else. *Denso Corp. v.*
Domain Name denso.com, 2014 WL 7208488, at *3 (N.D. Cal. Dec. 17, 2014).
Cybersquatting occurs when the registrant of an infringing domain name attempts to
profit by ransoming the domain name back to the trademark holder or by using the
domain name to divert business from the trademark holder to the domain name holder.
Bosley Med. Inst., v. Kremer, 403 F.3d 672, 680 (9th Cir. 2005) (citation omitted).

1 On November 30, 2016, Plaintiff moved for the entry of default asserting that,
2 after proper service, Defendant failed to answer or respond to the Amended Complaint.
3 (Doc. 22.) The Clerk of Court entered default on January 5, 2017. (Doc. 24.) On
4 February 16, 2017, Plaintiff filed an application for default judgment. (Doc. 25.) On
5 April 5, 2017, the Court found that Plaintiff had not properly served the Amended
6 Complaint and therefore set aside the entry of default and denied without prejudice
7 Plaintiff's application for default judgment. (Doc. 26.) The Court directed Plaintiff to
8 serve the Amended Complaint in compliance with the ACPA. (*Id.*)

9 On April 13, 2017, Plaintiff sent a Notice under 15 U.S.C. § 1125(d)(2)(A), and a
10 copy of the Amended Complaint, to Korhun at the postal and e-mail addresses Korhun
11 provided to GoDaddy. (Doc. 27 at 3; Doc. 28 at ¶ 4.) Previously, on February 16, 2017,
12 Plaintiff had sent its application for entry of default judgment to Korhun at his e-mail
13 address listed with GoDaddy. (Doc. 27 at 3; Doc. 28 at ¶ 4.) On April 19, 2017, Plaintiff
14 also filed a plan for publication and moved to publish notice of this action in *The Arizona*
15 *Republic*. (Doc. 27.) On April 26, 2017, the Court approved Plaintiff's proposed notice
16 and directed Plaintiff to publish the notice in *The Arizona Republic*. (Doc. 29.)

17 On May 15, 2017, Plaintiff filed a notice of service and stated that it had served
18 the Amended Complaint in compliance with the requirements of 15 U.S.C.
19 § 1125(d)(2)(A)(ii)(II)(aa) and (bb) by (1) sending notice and a copy of the Amended
20 Complaint to Korhun at the postal and e-mail addresses Korhun, the registrant, had
21 provided to GoDaddy, the registrar, and (2) by publishing notice of the action, at the
22 Court's direction, in *The Arizona Republic* on May 5, 2017, and online at
23 www.azcentral.com. (Doc. 30.)

24 On June 23, 2017, Plaintiff filed an Amended Request for Clerk's Entry of Default
25 (Doc. 31), and on June 26, 2017, the Clerk of Court entered default against the Defendant
26 domain name *pro-form.com*. (Doc. 32.) On August 10, 2017, Plaintiff filed an Amended
27 Application for Entry of Default Judgment. (Doc. 33.)
28

II. Jurisdiction, Venue, and Service of Process

A. Subject Matter Jurisdiction and Venue

The Court must have both subject matter jurisdiction and personal or *in rem* jurisdiction over a defaulting defendant before it can enter a default judgment. *Enterprise Holdings, Inc. v. Enterprisecarrentals.com*, 2012 WL 527355, at *3 (E.D. Va. Jan. 30, 2012). Plaintiff asserts cybersquatting claims under the ACPA, 15 U.S.C. § 1125(d), and this Court has subject matter jurisdiction under 15 U.S.C. § 1121, and 28 U.S.C. §§ 1331 and 1338(a). Plaintiff alleges that GoDaddy is the domain name registry for the Defendant domain name and is located in this district.³ (Doc. 19 at ¶¶ 4, 5; *see also* Doc. 23 (GoDaddy Registrar’s Certificate).) Therefore, venue is proper in this district. *See* 15 U.S.C. § 1125(d)(2)(A) (“[t]he owner of a mark may file an *in rem* civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located”).

B. In Rem Jurisdiction

Plaintiff asserts that it is bringing an *in rem* action against the Defendant domain name under the ACPA. (Doc. 19.) In § 1125(d)(2)(A), the ACPA provides for an *in rem* action against a domain name if the owner of a mark establishes that its rights were violated, and that it either could not obtain personal jurisdiction over a person who would otherwise have been a defendant in a civil action under the ACPA, or through due diligence was not able to find a person who would have been the defendant in such an action. 15 U.S.C. § 1125(d)(2)(A). The statute provides that:

³ Although Plaintiff alleges that Go Daddy is the Defendant domain name registry, GoDaddy is actually the Defendant domain name registrar. A registry and registrars have different responsibilities related to domain name registration. “The registrars handle the retail side of domain name registration, selling domain names to individual domain name registrants. The registry, in turn, performs a central but more limited function, namely maintaining and operating the unified Registry Database, which contains all domain names registered by all registrants and registrars in a given top level domain.” *Globalsantafe Corp. v. Globalsantafe.com*, 250 F. Supp. 2d 610, 619 (E.D. Va. 2003). VeriSign is the registry for all domain names ending in “.com.” *Id.* at 618.

1 (2)(A) The owner of a mark may file an in rem civil
2 action against a domain name in the judicial district in which
3 the domain name registrar, domain name registry, or other
domain name authority that registered or assigned the domain
name is located if —

4 (i) the domain name violates any right of the owner of
5 a mark registered in the Patent and Trademark Office, or
protected under subsection (a) or (c) of this section; and

6 (ii) the court finds that the owner —

7 (I) is not able to obtain in personam jurisdiction
8 over a person who would have been a defendant in a civil
action under paragraph (1); or

9 (II) through due diligence was not able to find a
10 person who would have been a defendant in a civil action
under paragraph (1)

11 *Id.*

12 Therefore, to establish *in rem* jurisdiction under the ACPA, Plaintiff must first
13 allege that the domain name violates any right of the owner of a mark registered with the
14 Patent and Trademark Office, or protected under 15 U.S.C. § 1125(a) or (c). *Id.* at
15 § 1125(d)(2)(A)(i). Second, Plaintiff must show that it was unable to obtain personal
16 jurisdiction over a person who would otherwise have been a defendant in a civil action
17 under the ACPA, or through due diligence could not find the person who would have
18 been a defendant in such an action. *Id.* at § 1125(d)(2)(A)(ii). Thus, to establish *in rem*
19 jurisdiction, and entitlement to a remedy, Plaintiff must plead and prove a substantive
20 violation of the Lanham Act and the inadequacy of personal jurisdiction. 5 J. Thomas
21 McCarthy, *McCarthy on Trademarks and Unfair Competition* § 25A:74 (4th ed. 2017).
22 The sufficiency of Plaintiff's substantive claim and inadequacy of personal jurisdiction
23 are addressed below.

24 **1. Plaintiff's Cybersquatting Claim**

25 Plaintiff's Amended Complaint alleges a claim for cybersquatting under the
26 ACPA, 15 U.S.C. § 1125(d). (Doc. 19 at ¶ 1.) Plaintiff alleges that it is the owner of the
27 federally-registered PRO-FORM trademarks and has continuously used some of these
28 marks in interstate commerce since as early as 1983. (*Id.* at ¶¶ 9-14.) Plaintiff alleges

1 that Korhun registered the domain name *pro-form.com* with GoDaddy on December 14,
2 2010, but was not authorized to use that domain name and had no affiliation with
3 Plaintiff. (*Id.* at ¶ 21.) Plaintiff further alleges that Korhun had no legitimate business
4 purpose for registering the *pro-form.com* domain name, and registered the domain name
5 as an act of cyberpiracy with the goal of later reselling that name to ICON for an
6 exorbitant and unreasonable price. (*Id.* at ¶ 23.) Plaintiff alleges that Korhun's use of the
7 *pro-form.com* domain name is likely to cause confusion as to the source or sponsorship of
8 that domain name, and dilutes and tarnishes Plaintiff's trademarks. (*Id.* at ¶¶ 34, 35.)
9 Finally, Plaintiff alleges that Korhun registered, trafficked in, and used the *pro-form.com*
10 domain name for commercial use, and acted in bad faith. (*Id.* at ¶¶ 44-49.)

11 **a. Scope of the ACPA**

12 In its two subsections, the ACPA provides an *in personam* claim, in § 1125(d)(1),
13 against a person who registers an infringing domain name, and an *in rem* claim, in
14 § 1125(d)(2), against the infringing domain name. The first subsection, which establishes
15 an *in personam* action, also defines the substantive elements of a cybersquatting claim.
16 *See* 15 U.S.C. § 1125(d)(1)(A). This section provides that:

17 (1)(A) A person shall be liable in a civil action by the
18 owner of a mark, including a personal name which is
19 protected as a mark under this section if, without regard to the
goods or services of the parties, that person —

20 (i) has a bad faith intent to profit from that mark,
21 including a personal name which is protected as a mark under
this section; and

22 (ii) registers, traffics in, or uses a domain name that —

23 (I) in the case of a mark that is distinctive at the
24 time of registration of the domain name, is identical or
confusingly similar to that mark;

25 (II) in the case of a famous mark that is famous
26 at the time of registration of the domain name, is identical or
confusingly similar to or dilutive of that mark;

27 *Id.*
28

1 Therefore, “the owner of a mark” may bring an *in personam* claim for
2 cybersquatting against “a person,” who has “a bad faith intent to profit from that mark”
3 and “registers, traffics in, or uses a domain name” that “is identical or confusingly similar
4 to” a “distinctive mark,” or that “is identical or confusingly similar to or dilutive of” a
5 “famous mark.” *Id.* By its plain language, this section of the ACPA establishes an *in*
6 *personam* cybersquatting claim for an “owner of a mark,” and it has been applied to
7 protect federally-registered marks and unregistered marks. *See, e.g., Lahoti v. Verichack,*
8 *Inc.*, 586 F.3d 1190, 1194, 1196-97 (9th Cir. 2009) (owner of unregistered trademark
9 brought *in personam* ACPA claim); *Bosley*, 403 F.3d at 674, 680-81 (owner of registered
10 trade mark brought *in personam* ACPA claim); *DaimlerChrysler v. The Net Inc.*, 388
11 F.3d 201 (6th Cir. 2004) (owner of registered and unregistered marks brought *in*
12 *personam* ACPA claims); *City of Carlsbad*, 850 F. Supp. 2d at 1093, 1103 (owner of
13 registered trademark brought *in personam* ACPA claim and the court noted that the
14 ACPA protects both federally registered and unregistered marks).

15 The second subsection of the ACPA, § 1125(d)(2), provides that “the owner of a
16 mark may file an in rem civil action against a domain name . . . if the domain name
17 violates any right of the owner of a mark registered in the Patent and Trademark Office
18 (PTO), or protected under [§ 11125(a) or 1125 (c)].” 15 U.S.C. § 1125(d)(2)A(i). As
19 the court explained in *Harrods Ltd., v. Sixty Internet Domain Names*, 302 F.3d 214 (4th
20 Cir. 2002), “[b]y its terms, subsection (d)(2)(A) does not provide an in rem action for the
21 owner of *any* type of mark protected under trademark law, but only for the owner of a
22 mark that is either (1) registered in the PTO or (2) protected under §§ 1125(a) or (c).” *Id.*
23 In *Harrods*, the court addressed the protections offered the owners of registered and
24 unregistered marks and found that the “protections offered a mark registered in the PTO”
25 include the “additional benefit” that “registration now entitles the owner of the mark to
26 proceed on an in rem basis under § 1125(d)(2).” *Id.*

27 Furthermore, several cases address the rights of registered trademark owners to
28 bring *in rem* cybersquatting claims. *See, e.g., Denso Corp.*, 2014 WL 7208488, at *1

1 (owner of registered trademark brought *in rem* action under ACPA); *Rosa Mexicano*
2 *Brands, Inc., v. Rosamexicanopuntademita.com*, 2014 WL 4181068, at *4 (E.D. Va. Aug.
3 20, 2014) (same); *Enterprise Holdings, Inc.*, 2012 WL 527355, at *2 (same); *Con-Way*
4 *Inc., v. Conwayracing.com*, 2009 WL 2252128, at *1 (N.D. Cal. July 29, 2009) (same);
5 *Cosair Memory, Inc., v. Cosair7.com*, 2008 WL 4820789, at *2, *4 (N.D. Cal. Nov. 4,
6 2008) (same); *see also*, 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair*
7 *Competition* § 25A:74 (4th ed. 2017) (“trademark owner can assert via an *in rem*
8 proceeding . . . claims under “§ 1125(d) for cyberpiracy of a mark (registered or
9 unregistered).”) Thus, as the owner of the federally-registered PRO-FORM trademarks,
10 Plaintiff may assert an *in rem* cybersquatting claim against the allegedly infringing
11 domain name.

12 **b. Elements of Cybersquatting Claim**

13 A trademark owner asserting a claim under the ACPA must establish that (1) it has
14 a valid trademark entitled to protection, (2) its mark is distinctive or famous, (3) the
15 defendant domain name is identical or confusingly similar to, or in the case of famous
16 marks, dilutive of, the owner’s mark, and (4) the defendant used, registered, or trafficked
17 in the domain name, (5) with a bad faith intent to profit. *Bosley*, 403 F.3d at 681. As set
18 forth below, the Court finds that Plaintiff has sufficiently pled the elements of a
19 cybersquatting claim.

20 First, Plaintiff must allege that it has a valid mark. Plaintiff alleges that it is the
21 owner of federally-registered PRO-FORM marks, which it has used continually in
22 interstate commerce since as early as 1983. (Doc. 19 at ¶¶ 8-13, 16.) Plaintiff has
23 attached to its Amended Complaint copies of the PTO certificates of registration for the
24 PRO FORM, ProForm, and PRO-FORM trademarks. (*Id.* at Exs. B – F.) Thus, Plaintiff
25 sufficiently alleges that it owns the federally-registered PRO-FORM marks.

26 Second, Plaintiff must allege that its mark is distinctive or famous. Plaintiff
27 alleges that the PRO-FORM marks are distinctive and famous. (*Id.* at ¶¶ 46-48.)
28 Plaintiff alleges that its marks are federally-registered. (*Id.* at ¶¶ 9-14.) Registration of a

1 mark is prima facie evidence of the validity of the registered mark. *Lahoti*, 586 F.3d at
2 1199 (citing 15 U.S.C. § 1115(a); *Retail Servs., Inc. v. Freebies Publ'g*, 364 F.3d 535,
3 542 (4th Cir. 2004) (“[T]he fact that a mark is registered is strong evidence that the mark
4 satisfies the statutory requirement for distinctiveness necessary for trademark
5 protection.”)). Plaintiff also alleges that it has used the PRO-FORM marks continuously
6 for more than five consecutive years and, therefore, its rights to use the marks are
7 incontestable under 15 U.S.C. § 1065. (Doc. 19 at ¶ 14.) Therefore, Plaintiff’s allegation
8 that it owns federally-registered trademarks strongly supports the finding that the marks
9 are distinctive.

10 In addition, a plaintiff may prove that its mark is inherently distinctive or that it
11 has acquired distinctiveness through a secondary meaning. *Lahoti*, 586 F.3d at 1197
12 (citations omitted). As the court explained in *Lahoti*, marks that are “suggestive,”
13 “arbitrary,” or “fanciful,” are inherently distinctive. Marks that are “generic,” or that are
14 “descriptive” and lack secondary meaning, are not distinctive and do not receive
15 trademark protection. *Id.* The “primary criterion” for distinguishing between a
16 suggestive and a descriptive mark “is the imaginativeness involved in the suggestion, that
17 is, how immediate and direct is the thought process from the mark to the particular
18 product.” *Id.* at 1198 (citations omitted). A mark is suggestive “if ‘imagination’ or a
19 ‘mental leap’ is required in order to reach a conclusion as to the nature of the product
20 being referenced.” *Id.* (citations omitted).

21 In this case, Plaintiff alleges that the PRO-FORM marks are used in connection
22 with the manufacturing, promotion, and sale of clothing, exercise equipment, and
23 exercise apparatus. (Doc. 19 at ¶¶ 8-13.) In this context, the PRO-FORM marks are not
24 descriptive or generic. Rather, a mental leap is required to reach a conclusion as to the
25 nature of the products offered. *See Lahoti*, 586 F.3d at 1200 (“Context is critical to a
26 distinctiveness analysis. Whether a mark is suggestive or descriptive ‘can be determined
27 only by reference to the goods or services that it identifies.’”) (citations omitted). Thus,
28 Plaintiff has sufficiently alleged that its mark is distinctive.

1 Because Plaintiff has sufficiently alleged that its marks are distinctive, the Court
2 need not reach its allegations that its marks are famous. Nonetheless, the Court considers
3 Plaintiff's allegations. Under the Lanham Act, "a mark is famous if it is widely
4 recognized by the general consuming public of the United States as a designation of
5 source of the goods or services of the mark's owner." 15 U.S.C. § 1125(c)(2)(A). In
6 determining whether a mark is famous, a court may consider "all relevant factors"
7 including "(i) [t]he duration, extent, and geographic reach of advertising and publicity of
8 the mark," "(ii) [t]he amount, volume, and geographic extent of sales or goods or services
9 offered under the mark," "(iii) [t]he extent of actual recognition of the mark," and
10 "(iv) [w]hether the mark was registered." *Id.* at 1125(c)(2)(A)(i) – (iv).

11 In this case, Plaintiff alleges that it has used the marks in interstate commerce at
12 least as early as 1983, that it has advertised and promoted goods and services using the
13 marks, that it has "made a substantial investment in marketing and promoting its exercise
14 equipment under the PRO-FORM marks," and that its "patrons, potential patrons, and the
15 general public have come to know and recognize the PRO-FORM marks and associate
16 them with ICON and its goods and services." (Doc. 19 at ¶¶ 9-13, 17.) Plaintiff further
17 alleges that its "marketing and promotional efforts using the PRO-FORM marks have
18 included, among other things, television, radio, newspaper, magazine, Internet, social
19 media, and other media, such that ICON has built up extensive, valuable goodwill in its
20 PRO-FORM marks." (*Id.* at ¶ 18.) Plaintiff alleges that "the PRO-FORM marks are
21 widely recognized by the general consuming public in Utah and throughout the United
22 States as a designation of source of services and goods provided by ICON." (*Id.* at ¶ 19.)
23 Thus, the Court finds that Plaintiff has sufficiently alleged that its marks are famous.

24 Third, Plaintiff must allege that the Defendant domain name is identical or
25 confusingly similar to its distinctive mark. Plaintiff alleges that the Defendant domain
26 name, *pro-form.com*, is confusingly similar to the PRO-FORM marks. (*Id.* at ¶¶ 34, 47-
27 49.) The Defendant domain name *pro-form.com* incorporates Plaintiff's PRO-FORM
28 marks. "Courts generally have held that a domain name that incorporates a trademark is

1 ‘confusingly similar to’ that mark if ‘consumers might think that [the domain name] is
2 used, approved or permitted’ by the mark holder.” *DaimlerChrysler*, 388 F.3d at 205
3 (domain name *foradodge* confusingly similar to DODGE mark) (citation omitted); *see*
4 *also Enterprise Holdings, Inc.*, 2012 WL 527355, at *1, *5 (domain name
5 *enterprisecarrentals.com* confusingly similar to ENTERPRISE mark); *Con-Way, Inc.*,
6 2009 WL 2252128 at *3 (domain name *conwayracing.com* confusingly similar to CON-
7 WAY mark). Furthermore, “courts have consistently ‘found that slight differences
8 between domain names and registered marks, such as the addition of minor or generic
9 words to the disputed domain names are irrelevant.” *DaimlerChrysler*, 388 F.3d at 206.
10 Therefore, the Court finds that Plaintiff has sufficiently alleged that the Defendant
11 domain name is confusingly similar to its marks.

12 Fourth, Plaintiff must allege that Defendant used, registered, or trafficked in the
13 domain name. Plaintiff alleges that Korhun registered the domain name *pro-form.com*
14 with GoDaddy in December 2010, and was not authorized to use or register the domain
15 name, and had no affiliation with ICON. (Doc. 19 at ¶¶ 21, 22.) These allegations are
16 sufficient to establish that Korhun violated the statute by registering the domain name.

17 Finally, Plaintiff must allege that Defendant acted with a bad faith intent to profit.
18 Plaintiff alleges that Korhun registered, trafficked in, and used the Defendant domain
19 name in bad faith. (*Id.* at ¶¶ 49, 50.) The ACPA lists nine nonexclusive factors for
20 courts to consider in determining whether bad faith exists. 15 U.S.C. § 1125(d)(1)(B).
21 The court “need not, however, march through the nine factors seriatim because the ACPA
22 itself notes that the use of the listed criteria is permissive.” *Lahoti*, 586 F.3d at 1202
23 (citations omitted). Instead, in determining bad faith the court considers the unique
24 circumstances of the case. *Id.* “Evidence of bad faith may arise well after registration of
25 the domain name.” *Id.*

26 Here, Plaintiff alleges that Korhun had no legitimate business purpose for
27 registering the *pro-form.com* domain name, and registered the domain name as an act of
28 cyberpiracy with the goal of later reselling that name to ICON for an exorbitant and

1 unreasonable price. (Doc. 19 at ¶¶ 23-26, 59(F).) Plaintiff alleges that the first page of
2 the website at *pro-form.com* lists the domain name for sale and includes a link that states
3 “Buy this domain *pro-form.com*.” (*Id.* at ¶ 29.) A defendant’s willingness to sell a
4 domain name for an exorbitant profit is a “quintessential” cybersquatting practice.
5 *Lahoti*, 586 F.3d at 1203 (defendant offered to sell domain name to plaintiff for \$72,500);
6 *see also Bosley*, 403 F.3d at 674 (noting that bad faith under the ACPA includes making
7 extortionate offers to sell the domain name). Plaintiff also alleges that Korhun did not
8 use the Defendant domain name for any purpose other than to directly solicit bids for the
9 purchase of the domain name and to profit from advertizing on the website he established
10 in connection with the domain name. (*Id.* at ¶¶ 32 59(C).) These allegations are
11 sufficient to establish that Korhun acted in bad faith in registering the domain, and this
12 alleged conduct matches two of the factors of bad faith enumerated in the ACPA. *See* 15
13 U.S.C. § 1125(d)(1)(B)(i)(VI) and (VII); *see also Lahoti*, 586 F.3d at 1202 (finding bad
14 faith and noting that defendant never used domain name in connection with a bona fide
15 offering of goods and services). Therefore, the Court finds that Plaintiff has sufficiently
16 alleged that Korhun acted in bad faith in registering the Defendant domain name.

17 Therefore, after applying the elements of a cybersquatting claim to Plaintiff’s
18 allegations, the Court finds that Plaintiff has sufficiently alleged a substantive claim for
19 cybersquatting under 15 U.S.C. § 1125(d).

20 **c. Remedies**

21 Under the *in rem* provision of the ACPA, the remedies for cybersquatting are
22 “limited to a court order for the forfeiture or cancellation of the domain name or the
23 transfer of the domain name to the owners of the mark.” 15 U.S.C. § 1125(d)(2)(D)(I);
24 Under Rule 54(c), “[a] default judgment must not differ in kind from, or exceed in
25 amount, what is demanded in the pleadings.” Fed. R. Civ. P. 54(c). In its Amended
26 Application for the Entry of Default Judgment, Plaintiff requests that the Court order
27 GoDaddy to transfer the domain name *pro-form.com* to ICON. (Doc. 33 at 2, 15.)
28 Therefore, Plaintiff requests a remedy that is authorized under the ACPA for an *in rem*

1 action, and that does not exceed the relief demanded in the Amended Complaint. (See
2 Doc. 19 at Prayer for Relief, ¶ B.)

3 **2. The Inadequacy of Personal Jurisdiction**

4 Under the second requirement for *in rem* jurisdiction under the ACPA, Plaintiff
5 must show that it was unable to obtain personal jurisdiction over a person who would
6 otherwise have been a defendant in a civil action under the ACPA, or that through due
7 diligence it could not find the person who would have been a defendant in such an action.
8 15 U.S.C. § 1125(d)(2)(A)(ii). Here, Plaintiff has alleges that it cannot obtain personal
9 jurisdiction over Korhun, the person who would be the defendant in a civil action under
10 the ACPA, because he resides in the Ukraine (Doc. 19 at ¶¶ 4, 7, 36) and, despite diligent
11 efforts, Plaintiff was unable to serve Korhun pursuant to the Hague Service Convention
12 and Rule 4(f). (Docs. 13, 15, 17, and 19 at ¶¶ 36-42.) Plaintiff also asserts that Korhun
13 has not used the domain name for any purpose other than to “directly solicit bids for the
14 purchase of the domain name, and to profit from advertising on the Website he
15 established in connection with the domain name.” (Doc. 19. at ¶ 32.)

16 Based on Plaintiff’s allegations, it appears that Korhun’s only known contact with
17 Arizona was registering and maintaining the Defendant domain name with GoDaddy.
18 This limited contact is insufficient to establish personal jurisdiction over Korhun. *See*
19 *Denso Corp.*, 2014 WL 7208488, at *3 (registering and maintaining a domain name in
20 the forum is not sufficient to establish personal jurisdiction). In *Denso*, the court
21 explained that the ACPA creates an *in rem* cause of action in the district where a domain
22 name is registered and, consequently, in most or all potential ACPA *in rem* suits an
23 alleged cybersquatter will have the specific contact of having registered the defendant
24 domain name with an entity in the forum. *Id.* at *4. If such contact were sufficient to
25 establish personal jurisdiction over the registrant of the domain name, that would “almost
26 always” defeat *in rem* jurisdiction under the ACPA, and “in this crucial respect the
27 ACPA would be made pointless.” *Id.*

1 Because Korhun, the registrant of the Defendant domain name, resides in the
2 Ukraine and does not appear to have any ongoing business activities in the United States,
3 Plaintiff has established that it is unable to obtain personal jurisdiction over Korhun and,
4 therefore, that it may proceed in an *in rem* action against the Defendant domain name.
5 *See Enterprise Holdings*, 2012 WL 527355, at *3 (plaintiff could not establish personal
6 jurisdiction over the registrant of the domain name who resided in India and did not have
7 other business contacts with the United States); *see also Con-Way Inc.*, 2009 WL
8 2252128, at *2 (plaintiff could not establish personal jurisdiction over registrant of
9 domain name by asserting that domain name was registered in the forum, or by showing
10 that the domain name was a passive website that provided links to other sites but did not
11 sell products within the forum); *Globalsantafe Corp.*, 250 F. Supp. 2d at 615 (same).

12 **C. Service of Process**

13 “Plaintiff must also establish that service of process was proper.” *Con-Way, Inc.*,
14 2009 WL 2252128 at *3 (granting motion for default judgment and addressing
15 jurisdiction and service of process in ACPA *in rem* action). “The ACPA provides a
16 federal statutory alternative to the normal service requirements of [Rule] 4(f).” *Guo v.*
17 *8bo.com*, 2014 WL 2581315, at *2 (N.D. Cal. June 6, 2014) (citing 15 U.S.C.
18 § 1125(d)(2)(A)-(B)). Therefore, the Court analyzes service under the statute, not
19 Rule 4(f). *Id.* (citations omitted).

20 Under the ACPA, § 1125(d)(2)(A)(ii)(II), service of process in an *in rem* action is
21 made by “sending a notice of the alleged violation and intent to proceed under this
22 paragraph to the registrant of the domain name at the postal and e-mail address provided
23 by the registrant to the registrar,” and “publishing notice of this action as the court may
24 direct promptly after filing the action.” 15 U.S.C. § 1125(d)(2)(A)(ii)(II)(aa) and (bb);
25 *see also* § 1125(d)(2)(B) (“The actions under subparagraph (A)(ii) shall constitute service
26 of process.”)

27 In this case, Plaintiff served the Defendant domain name by sending a Notice
28 under 15 U.S.C. § 1125(d) and a copy of the Amended Complaint, by mail and e-mail, to

1 Korhun, the domain name registrant, at the addresses listed with GoDaddy, the domain
2 name registrar (Doc. 27 at 3; Doc. 28 at ¶ 4), and by publishing notice of this action, as
3 directed by the Court. (Docs. 27, 29, 30.) Therefore, the Court finds that Plaintiff has
4 complied with the notice provisions of § 1125(d)(2)(A)(ii)(II)(aa)-(bb) and has properly
5 served Defendant.

6 **III. Default Judgment**

7 Under Rule 55(a), the Clerk of Court shall enter default “[w]hen a party against
8 who a judgment for affirmative relief is sought has failed to plead or otherwise defend.”
9 Fed. R. Civ. P. 55(a). Rule 55(b) provides that the Court may grant a default judgment
10 after default has been entered by the Clerk of Court. *Id.* at 55(b). “The general rule of
11 law is that upon default the factual allegations of the complaint, except those relating to
12 the amount of damages, will be taken as true.” *TeleVideo Sys., Inc., v. Heidenthal*, 826
13 F.2d 915, 917-18 (9th Cir. 1987) (citations omitted).

14 The Ninth Circuit has established seven factors for courts to consider in
15 determining whether to grant default judgment. *See Eitel v. McCool*, 782 F.2d 1470,
16 1471-72 (9th Cir. 1986). These factors, known as the *Eitel* factors, are (1) the possibility
17 of prejudice to the plaintiff, (2) the merits of the plaintiff’s substantive claim, (3) the
18 sufficiency of the complaint, (4) the sum of money at stake in the action, (5) the
19 possibility of dispute concerning material facts, (6) whether the default was due to
20 excusable neglect, and (7) the strong policy underlying the Federal Rules of Civil
21 Procedure favoring decisions on the merits. *Id.*

22 In this case, the first, second, third, and sixth factors favor granting default
23 judgment. Applying the first factor, the possibility of prejudice to Plaintiff is high if the
24 Court does not enter default judgment because Plaintiff may be without any recourse for
25 recovery. As set forth above in Section II.B.1(b), the Court has addressed the merits of
26 Plaintiff’s substantive claim and the sufficiency of the Amended Complaint, which are
27 the second and third *Eitel* factors, and found that Plaintiff has sufficiently alleged a
28 substantive claim for cybersquatting under 15 U.S.C. § 1125(d)(1)(a).

1 Under the sixth factor the possibility of excusable neglect is low. Plaintiff sent a
2 Notice under 15 U.S.C. § 1125(d), and a copy of the Amended Complaint, by mail and e-
3 mail, to Korhun, the domain name registrant, at the addresses listed with GoDaddy, the
4 domain name registrar. (Doc. 27 at 3; Doc. 28 at ¶ 4.) Plaintiff also previously sent
5 Korhun a copy of its application for default judgment by e-mail at his address listed with
6 GoDaddy. (Doc. 27 at 3; Doc. 28 at ¶ 4.) Plaintiff also alleges that on multiple occasions
7 Korhun offered to sell the Defendant domain name to ICON for exorbitant and
8 unreasonable prices. (Doc. 19 at ¶ 50(F).) Therefore, it is very likely that Korhun
9 received notice of this action and his failure to respond was not the result of excusable
10 neglect.

11 The fourth factor is inapplicable as there is no sum of money at stake in the action.
12 The fifth and seventh factors, as always, favor denying default judgment. Although there
13 is a strong policy favoring a decision on the merits, and the possibility that Defendant
14 would dispute the material facts, the existence of Rule 55 and the possibility of default
15 judgment means that these factors are not dispositive. *See Phillip Morris USA, Inc. v.*
16 *Castworld Prods.*, 219 F.R.D. 494, 501 (C.D. Cal. 2003) (citations omitted). Defendant's
17 failure to answer the Amended Complaint makes a decision on the merits impractical, if
18 not impossible. *Id.* Therefore, after considering the *Eitel* factors, the Court concludes
19 that default judgment should be entered against the Defendant domain name.

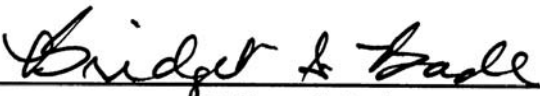
20 **IV. Conclusion**

21 As set forth above, Plaintiff has sufficiently alleged an *in rem* cybersquatting
22 claim under the ACPA, it properly served the Amended Complaint, to which Defendant
23 failed to respond, and the Clerk of Court properly entered default. In addition, on a
24 motion for default judgment the Court accepts Plaintiff's well pleaded facts as true, and
25 the *Eitel* factors favor granting default judgment.

26 Accordingly, the Court recommends that the Amended Application for Entry of
27 Default Judgment (Doc. 33) be granted and that the Court enter an order directing the
28 domain name registrar, GoDaddy, to transfer the domain name *pro-form.com* to Plaintiff.

1 This recommendation is not an order that is immediately appealable to the Ninth
2 Circuit Court of Appeals. Any notice of appeal pursuant to Rule 4(a)(1) of the Federal
3 Rules of Appellate Procedure should not be filed until entry of the District Court's
4 judgment. The parties shall have fourteen days from the date of service of a copy of this
5 recommendation within which to file specific written objections with the Court. *See* 28
6 U.S.C. § 636(b)(1); Fed. R. Civ. P. 6, 72. The parties have fourteen days within which
7 to file a response to the objections. Failure to file timely objections to the Magistrate
8 Judge's Report and Recommendation may result in the acceptance of the Report and
9 Recommendation by the District Court without further review. *See United States v.*
10 *Reyna-Tapia*, 328 F.3d 1114, 1121 (9th Cir. 2003).

11 Dated this 12th day of September, 2017.

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14 Bridget S. Bade
15 United States Magistrate Judge
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